

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549



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**ANNUAL AUDITED REPORT**  
**FORM X-17A-5**  
**PART III**

SEC Mail Processing  
Section

FEB 25 2011

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8- 50520

**FACING PAGE**  
**Information Required of Brokers and Dealers Pursuant to Section 17 of the**  
**Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/10 AND ENDING 12/31/10  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Capital Resource Financial Services, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

One Parksland Drive

(No. and Street)

Darien

CT

06820

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
David Barnett 212-223-8290

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Reynolds & Rowella, LLP

(Name - if individual, state last, first, middle name)

51 Locust Avenue

New Canaan

CT

06840

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

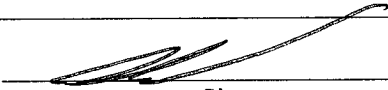
## OATH OR AFFIRMATION

I, Alan Resler, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Capital Resource Financial Services, LLC, as of December 31, 20 10, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

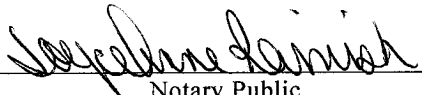
\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

  
Signature

Treasurer  
Title

  
Notary Public

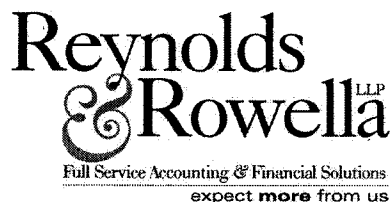
This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

*\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).*

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*Partners:*

Thomas F. Reynolds, CPA  
Frank A. Rowella, Jr., CPA  
Steven I. Risbridger, CPA  
Scott D. Crane, CPA  
Ben Maini, CPA

INDEPENDENT AUDITOR'S REPORT

To the Member of  
Capital Resource Financial Services, LLC  
Darien, Connecticut

We have audited the accompanying statement of financial condition of Capital Resource Financial Services, LLC, (the "Company") as of December 31, 2010, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Capital Resource Financial Services, LLC as of December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statement taken as a whole. The information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statement, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

Reynolds & Rowella, LLP

New Canaan, Connecticut  
February 14, 2011

CAPITAL RESOURCE FINANCIAL SERVICES, LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2010

ASSETS

Cash	\$ 30,895
	<hr/>
TOTAL ASSETS	\$ 30,895
	<hr/> <hr/>

LIABILITIES AND MEMBER'S EQUITY

LIABILITIES

Accounts payable and accrued expenses	\$ 15,250
Due to affiliate	8,678
	<hr/>

TOTAL LIABILITIES	23,928
	<hr/>

MEMBER'S EQUITY

Member's interest	6,967
	<hr/>

TOTAL MEMBER'S EQUITY	6,967
	<hr/>

TOTAL LIABILITIES AND MEMBER'S EQUITY	\$ 30,895
	<hr/> <hr/>

See accompanying notes to the financial statement.

CAPITAL RESOURCE FINANCIAL SERVICES, LLC  
NOTES TO FINANCIAL STATEMENT  
DECEMBER 31, 2010

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Capital Resource Financial Services, LLC (the "Company") is a wholly owned subsidiary of Capital Resource Holdings, LLC (the "Member") and is economically dependent on the Member and other affiliates of the Member. The Company is registered with the Securities and Exchange Commission ("SEC") as a broker-dealer of securities and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA").

The Company currently serves as the placement agent for several private multi-manager investment products of Rogerscasey, Inc., an affiliate and a registered investment advisor principally owned by the Member. These products include TD Ameritrade Retirement Funds (Collective Investment Funds), and the RCAI series Strategy Specific Hedge Funds (private investment vehicles for Qualified Investors). Because key milestones have been met and a more targeted business development approach is being employed for these Funds, management expects the Company's revenues to increase during 2011.

Basis of Presentation

The accompanying financial statement has been prepared in accordance with accounting principles generally accepted in the United States of America.

Liquidity and Risks

On January 13, 2011 the Company received a financial support letter from Rogerscasey, Inc. indicating that Rogerscasey, Inc. would provide the necessary financing to fund the Company's operations and maintain its minimum net capital requirements as defined by Part 240 of Rule 15c3-1 of the Securities Exchange Act of 1934 through March 31, 2012.

Use of Estimates

The preparation of a financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement, and the reported amounts of revenues and expenses during the reporting period. Significant estimates in this financial statement include expense allocations from the Member. Actual results could differ from those estimates.

CAPITAL RESOURCE FINANCIAL SERVICES, LLC  
NOTES TO FINANCIAL STATEMENT  
DECEMBER 31, 2010

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash equivalents

The Company has defined cash equivalents as highly liquid investments with original maturities of three months or less.

Income Taxes

As a limited liability company, the Company's taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision or liability for income taxes has been included in the financial statement.

Management has evaluated the Company's tax positions and concluded that the Company has taken no uncertain tax positions that require adjustment to or disclosures in the financial statement. The Company's 2006 through 2009 tax years are open for examinations by federal, state and local tax authorities.

Fair Value Measurements

The Company records its financial assets and liabilities at fair value. The accounting standard for fair value which provides a framework for measuring fair value, clarifies the definition of fair value and expands disclosures regarding fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The accounting standard establishes a three-tier hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

**Level 1** – Quoted prices in active markets for identical assets or liabilities.

**Level 2** – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

**Level 3** – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

CAPITAL RESOURCE FINANCIAL SERVICES, LLC  
NOTES TO FINANCIAL STATEMENT  
DECEMBER 31, 2010

NOTE 2 – FAIR VALUE MEASUREMENT

The Company's cash equivalents are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices derived from active markets. The amount was \$30,895 at December 31, 2010.

NOTE 3 – RELATED PARTY TRANSACTIONS

On January 13, 2011 the Company received a financial support letter (the "Arrangement") from Rogerscasey, Inc., an affiliate, indicating that Rogerscasey, Inc. would provide the necessary financing to fund the Company's operations and maintain its minimum net capital requirements as defined by Part 240 of Rule 15c3-1 of the Securities Exchange Act of 1934 through March 31, 2012. Amounts funded under the Arrangement are non interest bearing. At December 31, 2010 the Company owed Rogerscasey, Inc. \$8,678 for allocated operating expenses.

NOTE 4 – NET CAPITAL AND AGGREGATE INDEBTEDNESS REQUIREMENT

The Company is subject to Part 240 Rule 15c3-1 of the Securities Exchange Act of 1934 (SEC Rule 15c3-1). SEC Rule 15c3-1 requires the Company to maintain a minimum net capital balance and a maximum ratio of aggregate indebtedness to the net capital balance not to exceed 15 to 1.

At December 31, 2010, the Company's net capital balance as defined by Rule 15c3-1 was \$6,967, which exceeded the minimum requirement of \$5,000. At December 31, 2010, the Company's aggregate indebtedness to net capital as defined by SEC Rule 15c3-1 was 3.43 to 1.0.

NOTE 5 – RULE 15c3-3 EXEMPTION

The Company is exempt from the provisions of Part 240 Rule 15c3-3 of the Securities Exchange Act of 1934 (SEC Rule 15c3-3) under paragraph (k)(2)(i) in that the Company carries no margin accounts; promptly transmits all customer funds and delivers all securities received; does not otherwise hold funds or securities for, or owe money or securities to customers and effectuates all financial transactions on behalf of customers through one or more bank accounts, each designated as a "Special Account for the Exclusive Benefit of Customers of the Company".

NOTE 6 – SUBSEQUENT EVENTS

As of January 7, 2011, the Company's net capital balance fell below the required minimum balance. On January 27, 2011, the Member contributed \$20,000 to the Company increasing the net capital balance to approximately \$14,000 above the required minimum balance.



SUPPLEMENTARY INFORMATION

SCHEDULE I

CAPITAL RESOURCE FINANCIAL SERVICES, LLC  
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1  
OF THE SECURITIES EXCHANGE ACT OF 1934  
AS OF DECEMBER 31, 2010

TOTAL OWNERSHIP EQUITY QUALIFIED FOR NET CAPITAL	\$ 6,967
Deductions:	
None	<u>-</u>
NET CAPITAL	<u>6,967</u>
COMPUTATION OF BASIC NET CAPITAL REQUIREMENT	
Minimum net capital required (greater of 6 2/3% of aggregate indebtedness or \$5,000)	<u>5,000</u>
EXCESS NET CAPITAL	<u>\$ 1,967</u>
EXCESS NET CAPITAL AT 1,000 PERCENT	<u>\$ 967</u>

STATEMENT PURSUANT TO PARAGRAPH (d)(4) OF RULE 17a-5

There are no material differences between the computation of net capital presented above and the computation of net capital reported in the Company's unaudited Form X-17A5, Part II-A as of December 31, 2010.

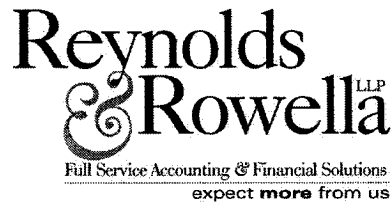
SCHEDULE II

CAPITAL RESOURCE FINANCIAL SERVICES, LLC  
COMPUTATION OF AGGREGATE INDEBTEDNESS  
AS OF DECEMBER 31, 2010

COMPUTATION OF AGGREGATE INDEBTEDNESS

Accounts payable and accrued expenses	\$ 15,250
Due to affiliate	<u>8,678</u>
Total aggregate indebtedness	<u>\$ 23,928</u>
Ratio of aggregate indebtedness to net capital	<u>3.43 to 1.0</u>

CAPITAL RESOURCE FINANCIAL SERVICES, LLC  
INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL



*Partners:*

Thomas F. Reynolds, CPA  
Frank A. Rowella, Jr., CPA  
Steven I. Risbridger, CPA  
Scott D. Crane, CPA  
Ben Maini, CPA

**INDEPENDENT AUDITOR'S REPORT**  
**ON INTERNAL CONTROL**

To the Member of  
Capital Resource Financial Services, LLC  
Darien, Connecticut

In planning and performing our audit of the financial statement of Capital Resource Financial Services, LLC (the "Company"), as of and for the year ended December 31, 2010 in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under SEC Rule 17a-3(a)(11) and for determining compliance with the exemption provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but

viii

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New Canaan, CT 06840  
(203) 972-5191

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**website: [www.reynoldsrowella.com](http://www.reynoldsrowella.com)**

not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

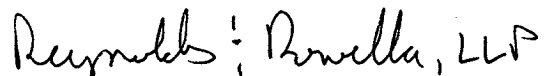
A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined previously.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2010, to meet the SEC's objectives.

This report is intended solely for the information and use of the Member, management, the SEC, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.



Reynolds & Rowella, LLP

New Canaan, Connecticut  
February 14, 2011

CAPITAL RESOURCE FINANCIAL SERVICES, LLC  
FINANCIAL STATEMENT  
DECEMBER 31, 2010